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IN RE: . Case No. 22-20823 (GLT)
U LOCK INC., .
Debtor. .
5414 U.S. Steel Tower
600 Grant Street
Pittsburgh, PA 15219
July 6, 2022
11:03 a.m.

TRANSCRIPT OF #14 CONTINUED EXPEDITED MOTION TO DISMISS CASE,
IN ADDITION TO MOTION FOR SANCTIONS AGAINST PETITIONING
CREDITOR, OR IN THE ALTERNATIVE, MOTION FOR RELIEF FROM STAY
FEE AMOUNT, OR IN THE ALTERNATIVE, MOTION TO ABANDON THE
MOVANT'S PROPERTY; #43 ORDER TO SHOW CAUSE
BEFORE HONORABLE GREGORY L. TADDONIO
UNITED STATES BANKRUPTCY COURT JUDGE

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I N D E X

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WITNESS

GEORGE SNYDER

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1 LAW CLERK: All rise.

2 THE COURT: Good morning, everyone. Please be
3 seated.

4 ECRO: Court is now in session.

5 THE COURT: All right, good morning. This is the
6 United States Bankruptcy Court for the Western District of
7 Pennsylvania and this is the time set for the hearing on Case
8 Number 22-20823, U LOCK Inc.

9 I'll begin by taking appearances, please. Over here.

10 MR. ROTH: Allen Roth on behalf of U LOCK.

11 THE COURT: All right, good morning.

12 Is that Mr. Snyder?

13 MR. ROTH: Yes.

14 THE COURT: Okay.

15 All right.

16 MS. SNYDER: Shanni Snyder, Your Honor.

17 THE COURT: Okay, good morning.

18 And do I have appearances on Zoom?

19 MS. WENRICH: Good morning, Your Honor. Sarah
20 Wenrich here on behalf of the movant Ms. Biros. My colleague,
21 James Berent, I believe he's also in person with Ms. Biros as
22 well. Mr. William Otto is appearing via Zoom with me, as well.
23 He is the state court counsel for Ms. Biros. And then last but
24 not least we also have Izumi Presberry. He is a summer law
25 clerk for our firm so he is attending via Zoom, as well, and he

1 will be observing today.

2 THE COURT: All right, thank you.

3 MR. SLONE: Robert Slone, the Chapter 7 Trustee for U
4 LOCK.

5 THE COURT: All right, good morning.

6 All right, anyone else wish to enter an appearance?

7 MR. ZEBLEY: Yeah. Your Honor, excuse me. This is
8 Charles Zebley. I was the Chapter 7 Trustee for Shanni Snyder
9 who was the petitioning creditor here. As the Court may
10 recall, Ms. Snyder conceded she had not listed the claim which
11 led to the petition on her schedules. So, you know, that case
12 had closed. I have filed a petition to reopen the case and no
13 one has opposed it and Ms. Snyder has said she would consent to
14 it. We'll be filing our CNO on that case today. It's a Judge
15 Bohm case.

16 THE COURT: Okay, very well. So you are aware of
17 this and have taken action to look into it then. Very well.
18 All right, thank you.

19 All right, we are here on two matters. One is a
20 continued hearing on the expedited motion to dismiss the case
21 or for sanctions that was filed by Christine Biros against both
22 the petitioning creditor and with respect to this case as a
23 whole but I also have a hearing on an order to show cause that
24 was set if the debtor did not complete the petition on or
25 before July 5th. It appears to me that the debtor attempted to

1 complete the petition by July 5th and then that carried over
2 into the early morning hours of today. However, I do note that
3 the petition is still not complete at this point. There is a
4 declaration of electronic filing that is required and so that
5 will need to be completed today. You do have that?

6 MR. ROTH: Yes.

7 THE COURT: All right, very well. All right, so with
8 that, let's see where we are with respect to the motion to
9 dismiss. Attorney Wenrich?

10 MS. WENRICH: Thank you, Your Honor. I still think
11 at this point dismissal would be appropriate particularly
12 considering that Ms. Snyder still has -- there's been no
13 indication that she has a valid or a disputed claim against the
14 debtor. However, it's very important to my client that she be
15 able to obtain possession of the property for numerous reasons.
16 So for that reason I think it's perhaps more prudent today to
17 focus on the relief from stay as well as potential abandonment
18 of the property if relief from stay is not granted or if Your
19 Honor is not inclined to grant that at this time.

20 THE COURT: Let me ask you at this point with respect
21 to dismissal. Does the calculus not change in the fact that
22 the debtor did not contest the involuntary petition?

23 MS. WENRICH: Well, I think it -- I still think that
24 while the debtor has not contested the involuntary petition,
25 the debtor now over a month later is seeking to convert the

1 case to a Chapter 11. Regardless of their failure to contest
2 or their unwillingness to contest the involuntary petition,
3 that doesn't change the fact that the petition was commenced
4 with a claim that was an invalid claim such that the
5 involuntary bankruptcy was improper.

6 Again, I do recognize though that the debtor is
7 attempting to move forward, attempting to convert to a Chapter
8 11 which is part of the reason why I think for my client's
9 benefit, it's probably best for us to proceed on the relief
10 from stay as well as potential abandonment at this time because
11 clearly the debtor does intend to proceed in bankruptcy. If it
12 were dismissed, they could refile and we understand that.

13 THE COURT: All right. Well, let me ask you where
14 things stand from your perspective with respect to my order
15 that granted limited stay relief on June 3rd. There were a
16 number of items and requirements that were set forth. It also
17 had a mechanism for the parties to provide me with a notice of
18 non-compliance if anyone was not abiding by those directives
19 and I did not receive anything. So what is your client's
20 perspective of what's happened since we were last together I
21 guess on June 2nd?

22 MS. WENRICH: Your Honor, I know that our client did
23 provide notice, 48 hours notice to try to get onto the property
24 and begin some remediation efforts. They also had someone who
25 was willing to provide some clean dirt to dump, particularly on

1 the one area I believe with regard to what we'll refer to as
2 the garbage truck incident where some of the soil was
3 contaminated. After we provided the notice to Mr. Roth, he
4 wanted more information which I'm not sure it was warranted but
5 admittedly that information was not provided but then it was
6 determined that where the incident occurred there was a
7 trailer.

8 I do have photos of this trailer. I did not file
9 them. I can file it in a supplement if Your Honor would like.
10 The trailer was parked right on top of that location and it
11 looked like spray painted that said no dumping, presumably
12 referring to the dumping of dirt which had not yet happened.
13 And so there certainly has been some action taken to prevent or
14 inhibit my client from proceeding with some of those issues.

15 We did not file a notice of non-compliance. I know
16 now that a Trustee is in place, our intention is to try to work
17 with the Trustee and try to get that figured out.

18 THE COURT: All right. Anything further in support
19 of the stay relief motion at this point?

20 MS. WENRICH: I think one thing that's really big and
21 really important is that part of the reason, at least what I
22 took from the last hearing, was Your Honor was concerned about
23 displacing parties who paid to have their personal property
24 stored in that property from that location. However, since the
25 last hearing some trailers have been moved, some of the storage

1 trailers. However, some of those trailers with, presumably,
2 property owned by these alleged renters have been emptied on my
3 client's property before being moved so there is actually
4 personal property and furniture, old furniture that has now
5 been just dumped on the property.

6 So I think to the extent that Your Honor was
7 concerned about issues that these other alleged renters would
8 have, I think that's only continued and I think at this point
9 there's really nothing preventing Your Honor from entering the
10 appropriate order granting relief from stay because it doesn't
11 appear that the debtor is taking appropriate action to prevent
12 any claims against itself from these alleged renters.

13 THE COURT: Okay, all right, anything else at this
14 point?

15 MS. WENRICH: Mr. Otto, do you have anything? That's
16 what I have. And I'm not sure if you have anything to add.

17 MR. OTTO: Mr. Snyder has apparently disposed of a
18 number of the matters from these trailers and possessions on
19 the property that restrict or inhibit the trucks from bringing
20 the soil in from offsite. So while Ms. Biros is not yet ready
21 to bring it on, we're very close. And continuing to allow Mr.
22 Snyder or U LOCK to continue activities on the site just
23 doesn't seem to be productive. We now have a list of renters
24 that's available. We're happy to work with the Trustee to
25 identify and help the Trustee collect back rent from those

1 renters to the extent he needs assistance.

2 But in the meantime, especially if you go back and
3 look at the documents that were filed by the debtor last night,
4 it appears that the debtor simply wants to re-litigate the
5 issue of title to this property. It seems that the best way to
6 move would be to allow Ms. Biros to have possession and move on
7 with the property and allow U LOCK to go its separate ways.

8 THE COURT: All right, thank you.

9 Let me hear from Mr. Slone. Trustee Slone, you were
10 appointed on June 17th so I'm interested in hearing what you've
11 learned in that brief period of time and whether you've been
12 able to get up to speed at all on what's been occurring in this
13 case.

14 MR. SLONE: Your Honor, I've reviewed the documents
15 that have been filed including some that were filed last night.
16 That was the first time I had any indication of what was
17 actually there. I got the list of renters this morning and we
18 can go through and I'll work with Mr. Otto or whoever to try to
19 collect that money. Also, there are some assets that they have
20 listed that can be liquidated. Really, I haven't been able to
21 do too much. I just got information within the last day, Your
22 Honor.

23 I did get calls and e-mails from both Mr. Otto and
24 Mr. Roth regarding the remediation issues and the blockage.
25 Hopefully the parties can work that out without me getting too

1 much involved with that. That's where we stand. Also, I noted
2 that they have filed to convert the case to a Chapter 11 case.
3 I don't want to get too far ahead of myself here. I don't know
4 exactly what to do at this moment.

5 THE COURT: All right. Well, I'll hear from the
6 parties and then I'll give you my preliminary thoughts of where
7 I think this is headed at this point.

8 All right, let me hear from the debtors, please. Mr.
9 Roth?

10 MR. ROTH: Your Honor?

11 THE COURT: If you could just bring in that
12 microphone closer to you so we can make sure you're on the
13 record.

14 MR. ROTH: My client has responses to some of the
15 things they said. Could I have him testify or would you prefer
16 I do it all myself?

17 THE COURT: If you wish to have him testify, you can
18 have him testify. I'm not going to turn that down.

19 MR. ROTH: All right, very good.

20 THE COURT: All right, Mr. Snyder, if you'd like to
21 come forward to the witness stand to be sworn. All right, if
22 you could please raise your right hand.

23 GEORGE SNYDER, WITNESS, SWORN

24 THE COURT: You can be seated.

25 DIRECT EXAMINATION

Snyder - Direct/Roth

12

1 BY MR. ROTH:

2 Q Could you state your name, please?

3 A George Snyder.

4 Q And, George, where do you live?

5 A 20204 Alabama Lane, North Huntingdon, PA 15642.

6 Q And is that address where you live, is that near this
7 site?

8 A Yes, about a quarter mile.

9 Q Did you bring with you some pictures today showing that
10 the site is readily available and there's not any problems?

11 A Yes. I took pictures. I brought pictures today of the
12 mess they're claiming. It's all cleaned up. There's nothing
13 there. Also, that tractor trailer they're mentioning was not
14 in the way. We moved it anyway. We moved it a couple of
15 hundred feet away and we took pictures of that, as well. We
16 also took pictures of when they claimed it was in the way and
17 it was not in the way.

18 MR. ROTH: Your Honor, can I have these pictures
19 marked?

20 THE COURT: Actually, if you can pre-mark them and
21 then hand them up.

22 Q These pictures that I'm handing you right now, are these
23 pictures taken with your cell?

24 A Yes.

25 THE COURT: Why don't you mark them yourself?

Snyder - Direct/Roth

13

1 THE WITNESS: Okay.

2 THE COURT: Do you have a --

3 THE WITNESS: Can you get my pen, please?

4 THE COURT: Do you have exhibits stickers in there?

5 Normally, that's how -- I'd require the exhibits to be done in
6 advance.

7 MR. ROTH: We'll do the whole pack as Exhibit 1.

8 THE COURT: All right.

9 Q Tell us what these pictures show.

10 A Okay, the date that they were claiming the trailer was
11 blocking we put white nylon ropes down each side of the area
12 where the garbage truck was so it shows that the trailer is not
13 in that area. The next picture is a triangle. We put a
14 reflective triangle where their environmental person came out
15 and he dug a little hole and took a sample. That shows that
16 it's probably 50 feet away from the trailer so there's plenty
17 of room to get a tractor trailer, a dump truck, a tri-axle on
18 all sides of that area.

19 Then the next picture shows, even though I don't feel
20 that trailer was in the way, to be cooperative, we moved it
21 anyway, so we moved that tractor trailer across the parking lot
22 and made sure we didn't block any entrances. You could get all
23 the way around it. And that has been moved. If it said no
24 dumping on it, that was like vandalism or something. I think
25 that was on that trailer for 20 years. So we didn't spray

Snyder - Direct/Roth

14

1 anything that said no dumping.

2 The next picture just shows that the tractor trailer
3 is moved and the stuff was cleaned up. That's just from the
4 other side facing, you know, if you're looking west towards
5 Pittsburgh.

6 The fourth photo was taken this morning in the
7 cleanup effort, some of which they requested. You know,
8 there's a little bit of furniture and things out in the parking
9 lot and, you know, if you take things out of perspective or
10 want to be manipulative, you take a picture at the worst time.
11 We made sure we took a picture from both directions. The
12 fourth picture is the one direction facing west. The next
13 picture is facing east. And that shows that all the furniture,
14 all the debris, everything that they may show you a picture of
15 has been cleaned up and disposed of or moved, you know, on a
16 pallet and has been taken out of there.

17 And also, there was scrap cars in the area. These
18 scrap cars have been mentioned in several hearings for the past
19 couple of years and they would say they wanted us to take them
20 out, then they didn't want us to take them out. So then we
21 were taking them out and they approached the tow truck driver
22 and put a camera in his face, videotaped him and told him they
23 don't want him taking any of those cars out of there. He said
24 he was told to clean up, that he was contracted to do that, to
25 please not stick a camera in his face. And they continued to

Snyder - Direct/Roth

15

1 harass him, say that they're the owner and they own the
2 corporation, they're coming in with contractors and they're
3 going to build all this stuff there, we're not going to be
4 there anymore and not to touch the cars. So that's what those
5 five pictures show.

6 That's just the front. The property is 21 acres.

7 That's just the front area, maybe the first two or three acres
8 or so.

9 Q Do you visit this site every day?

10 A Yes.

11 Q Okay. Ms. Biros is claiming she's doing remediation
12 efforts. What have you seen her do in terms of remediation?

13 A Well, since the last hearing they've done zero other than
14 they sit across the parking lot and videotape and they come in
15 and they harass people there. They circle around, they pull
16 in. They've done no remediation whatsoever. So the times I've
17 seen them there, they've done nothing. The father comes, her
18 father is the guy in charge, he comes down with the grandson
19 and they drive around and he also approached the tow truck
20 driver, asked him what he's doing. He said they're building a
21 construction project, they want to start building, bring in
22 dirt and stuff.

23 And like I said, you can see from the pictures it's
24 not dirt. It's asphalt millings. It's like a parking lot. So
25 you wouldn't just dump dirt there. If there were any type of

Snyder - Direct/Roth

16

1 contaminations, you'd remove the contaminated millings and put
2 more millings down but they've done nothing, nothing with the
3 tires, nothing with anything they mentioned was an emergency
4 concern last month was done this month.

5 Q What was the claim in the emergency petition that Ms.
6 Biros filed initially? What was her claim was the emergency?

7 A Well, they claimed some major from the United States
8 military witnessed I thought they said me dumping contaminated
9 soil or something. Then it turns out the police report that we
10 have -- the incident that really happened, there were a dozen
11 policemen and firemen there. It was a garbage truck, just a
12 random waste disposal company driving down the road that had a
13 load caught on fire. When they dumped it, they said that's our
14 protocol to dump it in the -- find a spot to dump it. It was
15 only cardboard.

16 And if they're saying there's any contaminants, the
17 only thing I can think is the firemen may have used foam or
18 something to put out the fire. Other than that, there was
19 nothing in that garbage truck that would have been considered
20 an environmental hazard that I know of.

21 Q Has that been cleaned up, whatever happened from that
22 truck?

23 A Yeah. It looks good as new. It's all been cleaned up.
24 It looks fine. If there's some test that says otherwise, but
25 they cleaned it up immediately within an hour or so.

Snyder - Direct/Roth

17

1 Q Do your pictures indicate that it's all been cleaned up?

2 A Yeah. You wouldn't be able to tell from these pictures I
3 have that there was every any incident there at all.

4 MR. ROTH: Judge, we would ask that those pictures be
5 introduced into evidence, please.

6 THE COURT: All right, why don't you hand them up and
7 I will show them on the camera. Thank you. Just be careful.

8 There's a request to show the following exhibits.
9 I'm going to put this on the Zoom camera so that those that are
10 participating by Zoom can see them. This is the first picture.
11 And I'll let Ms. Biros see them after --

12 MS. BIROS: Thank you.

13 THE COURT: -- I'm done showing them. This is Number
14 2. This is Number 3. This is Number 4. And this is Number 5.

15 Mr. Shelton, if you could show these to Ms. Biros?

16 Do you have any other questions, Mr. Roth?

17 MR. ROTH: Yes.

18 Q You have caused a Chapter 11 petition to be filed, is that
19 correct?

20 A Yes.

21 Q And in the schedules in that petition do you intend to
22 file an adversary proceeding --

23 A Yes.

24 Q -- with regard to the results that are going to happen in
25 this case?

Snyder - Direct/Roth

18

1 A I would like to, yes.

2 Q It's your intention to do that?

3 A Yes.

4 Q Do you currently have financing available so Ms. Biros
5 could be paid off what she is owed in this matter?

6 A Yes, along with all the other money owed to other parties.

7 Q And can you tell us what the source of the funds would be
8 in order to pay her off?

9 A Yeah, it's Usage Corporation.

10 Q Say that again, please.

11 A Usage.

12 Q And are those funds available immediately?

13 A Yes.

14 Q Would you like to see that happen to her to be paid off?

15 A Yes, I'd love to be able to pay everybody off. There's
16 plenty of money to do it.

17 MR. ROTH: I have no further questions, Your Honor.

18 THE COURT: All right, thank you.

19 All right, Ms. Biros, have you had an opportunity to
20 see those pictures?

21 MS. BIROS: I'm sorry, Your Honor?

22 THE COURT: Have you had an opportunity to review
23 those pictures?

24 MS. BIROS: (No audible response).

25 THE COURT: Okay, you can hand those back, please.

Snyder - Court

19

1 All right. Well, this is an unusual situation for me
2 to take testimony and exhibit over Zoom so I've got counsel
3 asking to move for the admission of these pictures.

4 Is there any objection from the other parties to the
5 admission of these photographs that I've shown?

6 (No audible response)

7 THE COURT: All right, I'm not hearing any objections
8 so they'll be admitted into the record as Exhibit 1 Parts --
9 well, actually, I'm going to call it Exhibit A Parts 1 through
10 5.

11 THE COURT: All right, Attorney Wenrich, do you have
12 any questions for the witness?

13 MS. WENRICH: Your Honor, I think we dispute the
14 testimony but we don't have any questions.

15 THE COURT: All right, thank you.

16 I actually have some questions based on what's been
17 filed and what's been submitted so far.

18 EXAMINATION

19 BY THE COURT:

20 Q So as I understand it from the statement of financial
21 affairs, the business generates gross revenues of no more than
22 \$13,000 annually?

23 A This past year, yes, somewhere around there.

24 Q And it was 12,000 in 2020?

25 A Yes.

Snyder - Court

20

1 Q So we're talking about roughly \$1,000 a month of gross
2 revenue?

3 A Yes.

4 Q There was a suggestion in the statement of financial
5 affairs that, quote, the business only made a small amount per
6 month, under \$2,000. And so am I to understand that the real
7 value here of the business is in any claimed interest that you
8 have in the land?

9 A It's the -- there's a lot of assets listed in there also.
10 But the intention of the land, we bought that to develop it and
11 this has been holding up the development.

12 Q So what you're telling me and based on the schedules is
13 that U LOCK was formed for the purpose of developing that
14 property as opposed to running a storage unit on there?

15 A Yeah, that was the initial purpose.

16 Q So the storage business is, you know, just somewhat
17 immaterial to the overall enterprise value?

18 A By comparison, it's a lot less but there's still enough --
19 you see there's a lot of collectibles and things that people
20 haven't been paid this whole litigation and legal fees over the
21 past couple of years sort of hindered all that. But the
22 storage facility is plenty lucrative to sustain that property
23 with all this.

24 Q Well, what's the monthly expenses that the business
25 incurs?

Snyder - Court

21

1 A There's not a whole lot of monthly expenses. There's no
2 utilities there right now because it's just a storage place.
3 So we have electric there. There's no gas, there's no water,
4 there's no sewage, there's no real big bills. We had some
5 equipment there before that had some bills, you know, the
6 excavator. And then, other than that, it would be just labor.

7 Q Okay, and how many employees do you have?

8 A None right now.

9 Q What would your labor expense be though on a monthly
10 basis?

11 A Well, right now it would be minimal to handle the
12 collections and things like that but if it were going to remain
13 a storage place, I would have to have staff and a full-time
14 person, a manager and it would be a little different but it
15 would be proportional to how many buildings were built or
16 storage units were built or something like that.

17 Q So the debtor has disclosed two bank accounts at Citizens
18 Bank?

19 A Yes.

20 Q There are no other bank accounts in any other financial
21 institution or other facility? And what's the status of the
22 debtor's tax returns?

23 A They haven't been filed.

24 Q When was the last time it filed a tax return?

25 A I'm not sure. I don't think they were filed. I'd talk to

Snyder - Court

22

1 my brother, Kash, is the one who handled that in previous years
2 but I don't think they've been filed yet.

3 Q Well, do you know if the corporation has ever filed a tax
4 return?

5 A When we first did this, we were -- Biros and us were
6 partners and they told me not to file the returns because they
7 were indicted by the Attorney General's Office and they wanted
8 to wait 'til that investigation was over.

9 Q All right, so as I understand it, the corporation was
10 formed in, is it 2015?

11 A Yes.

12 Q So it didn't file a tax return in 2015?

13 A No. I met with Christine Biros who was kind of in charge
14 every Wednesday for about a year or two and she told me not to
15 file them. They wanted to wait 'til their charges were, you
16 know, 'til it was final. They were charged with --

17 Q Well, that was another thing you said in here. You met
18 weekly with -- it says from the purchase of the property in
19 July 2015 through mid 2017 weekly, quote, board-type, end
20 quote, meetings occurred between George Snyder and Christine
21 Snyder. Is that Christine --

22 A Christine Biros, yes.

23 Q Okay. All right, so you didn't file a tax return in 2015.
24 Did you file a tax return in 2016?

25 A I don't think we ever filed one that I know of.

Snyder - Court

23

1 Q Okay. Is there any insurance in place for the debtor's
2 operations on the site?

3 A I don't believe so. We could get insurance. We got a
4 quote for that. It's relatively inexpensive. It's about \$100
5 a month I got a quote.

6 Q Is there a reason why the debtor doesn't have insurance?

7 A Like I said, we've been strapped financially up until this
8 point because of all this litigation and legal fees and things
9 and even just the time it's consuming. But if that's a
10 requirement, we could certainly get the insurance in place.
11 They already have it quoted and ready to go if need be. That's
12 through Verrico Agency.

13 Q So your Schedule G lists about roughly 25, 26 persons or
14 entities that have leases --

15 A Yes.

16 Q -- or units or personality on the site, is that correct?

17 And how often do these lessees or, actually, I'm sorry.
18 Approximately how often do the lessees come onto the property?

19 A There are some that come every day. There are some people
20 like say they have a business, a landscaping company or
21 something, they come every single morning, grab their trailer,
22 lawnmowers, tools and they go. There are other customers. I
23 think there's a United Steel Workers that's been there for
24 seven years. I've never seen them. They've never -- I've been
25 in communication with them. I don't think they've ever been to

Snyder - Court

24

1 the site but that's rare. The majority of the people come
2 there -- I'd say half of them come there daily to do whatever
3 they do. The other half maybe come once a month or once every
4 couple of weeks to drop something off or pick something up. I
5 see them in there just randomly, you know, or occasionally
6 popping in and out.

7 Q And is there anyone else coming onto the site other than
8 these lessees?

9 A No. As far as like trespassers or what do you mean?

10 Q No, just anyone else who would have reason to be on the
11 site other than lessees.

12 A No. There's relatively few people come on the site. I
13 don't think anybody -- we don't ever see any real solicitors.
14 We don't see any trespassers. We don't see anything other than
15 just the people who rent there.

16 Q You mentioned this financing source. What's the amount of
17 the financing that you are contemplating?

18 A Well, whatever we decide to do, there would be well
19 upwards of a million or \$2 million. I have multiple sources.
20 We just listed that one but there's another guy that he's been
21 interested for a long time since the beginning of this but they
22 just -- we offered to pay them in the beginning. They just
23 won't accept the money.

24 Q So you're alleging that what, this Usage --

25 A Yes.

Snyder - Court

25

1 Q Is it called Usage Corp? Who's the principal of Usage
2 Corp?

3 A I'm not sure. Could I grab my folder? I'm sorry. It's
4 called Usage Systems.

5 Q Well, you're going to have to come over here because you
6 need to be in front of the microphone. It's called Usage
7 Systems?

8 A Yeah. It's Usage Systems. I don't have the name of the
9 principal agent here.

10 Q Well, who have you been talking to there?

11 A But we'd provide that at the, you know, if were converted
12 to Chapter 11. I was talking to that Crystal -- I'm sorry?

13 Q What's the name of your contact?

14 A My brother is the one who was talking to that person from
15 there. The one I talked to is Crystal.

16 Q And you're indicating that Usage System is able to provide
17 up to \$1 million of financing immediately?

18 A Yeah. It would be well over -- he'd be up to two million
19 for sure immediately. They're available now.

20 Q And what would the collateral be for the financing?

21 A Well, if we went to Chapter 11 and that could be clawed
22 back, then the property would be otherwise -- I'm not really
23 sure what plan he would have.

24 Q How does the requested remediation efforts impact the
25 business operations of U LOCK?

Snyder - Court

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1 A I can't imagine it would affect us at all.

2 Q Okay.

3 A We'd be cooperative in any way possible. If there were an
4 incident like with -- something -- if there were something
5 truly in the way like a truck or something, we could certainly
6 move that if they give us 48 hours notice. They sort of gave
7 us a blanket notice. They said on a particular date they said
8 here's your 48 hours notice, we'll be there from 6 a.m. on
9 forward. So I went down at 6 a.m. to make sure I could
10 cooperate or help in any way and I stood there all day and no
11 one ever showed up and then it went on day after day after day
12 and then we just left it open.

13 I unlocked the gate. There's a gate that has a
14 padlock on it. We unlocked that so that they could do whatever
15 they needed to do under there. So we don't even have to be
16 there. They could go down and remediate and do whatever they
17 want to do. It won't interfere with us at all, I don't think.

18 Q Okay. And so you understand at this point that U LOCK did
19 not contest the involuntary petition, correct?

20 A Yes.

21 Q All right, so you understand that Mr. Slone has been
22 appointed as the Chapter 7 Trustee here?

23 A Yes.

24 Q And do you understand that as a Chapter 7 Trustee, he
25 exercises dominion over the debtor's assets at this point?

Snyder - Cross/Otto

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1 A Yes.

2 Q So he is the one who is now vested with the authority to
3 control the assets of the U LOCK Corporation at this point?

4 A Yes.

5 Q And so he steps into the shoes of U LOCK.

6 A Okay.

7 Q And until such time as I hear the motion to convert, it
8 will remain that way, do you understand?

9 A Yes, I understand.

10 Q All right. So he is the one who will be calling the shots
11 from this point forward, do you understand?

12 A Yup.

13 THE COURT: All right, I'm finished with my
14 questions. Let me ask Mr. Roth, do you have any additional
15 questions for the witness based on anything that I've asked?

16 MR. ROTH: Nothing further, Your Honor.

17 THE COURT: All right, does any other party have any
18 additional questions for the witness?

19 MR. OTTO: Your Honor, I have a couple of comments to
20 refute what Mr. Snyder has stated.

21 THE COURT: All right, but you have no questions?

22 MR. OTTO: Well, let me ask this question.

23 CROSS EXAMINATION

24 BY MR. OTTO:

25 Q Mr. Snyder, isn't it true that during the course of the

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1 state court proceeding Judge Smail stayed proceedings in order
2 to allow you to negotiate a purchase of the property?

3 A Yes. We made an offer with interest and you guys turned
4 it down.

5 Q I'm sorry, what? I don't remember any offer. What was
6 the amount?

7 A I think it was the 390,000. We offered the full amount
8 that they paid for the property taxes, anything they had in it
9 plus six percent interest and they said they wanted an
10 additional \$150,000 for legal fees or something and then that
11 was it. They refused to negotiate.

12 Q Is Mr. Roth willing to confirm that statement?

13 A Pardon me?

14 Q Is Mr. Roth --

15 THE COURT: We can ask that question after we're done
16 with the testimony. I'm just asking for questions --

17 MR. OTTO: All right.

18 THE COURT: -- of the witness at this point.

19 MR. OTTO: Yes.

20 Q And next question. Mr. Snyder, isn't it true that you
21 testified during the trial that the reason you hadn't filed
22 taxes is because your accountant told you not to do that? And
23 when you were asked were you or your brother, Kash Snyder, was
24 asked who your accountant was, you couldn't identify your
25 accountant?

Snyder - Cross/Otto

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1 A Yeah. I'd like to explain that.

2 Q Please note that I have the transcript --

3 A Okay, yes.

4 Q -- if I need to present that.

5 A Yes, I understand. It's been a while since that trial.
6 It's been several years. But the way I remember it, I don't
7 believe I said anything like that. I don't think I was ever
8 asked anything like that. My brother, I watched him on the
9 stand and he answered your question and I think he kind of -- I
10 didn't understand what he meant. I asked him when we got home.

11 He asked his accountant which was -- his name will
12 come to me in a second. But he asked his accountant and his
13 accountant told him -- he told him -- when Biros told him not
14 to file because of their organized crime indictment, he was
15 concerned and worried so he went to his accountant for advice
16 and he said what if we don't file. He didn't want to be in
17 trouble. And he said well, the penalty for not filing is a
18 percentage of your income and he said your income is zero so
19 there wouldn't be a real penalty if you filed.

20 So my brother, I think, interpreted that and maybe
21 said that on the stand and said oh, my accountant told me not
22 to file. That wasn't -- I wouldn't have said it that way. The
23 accountant didn't say hey, don't file. The accountant said if
24 you listen to what they say and you don't file, there will be
25 no financial penalty because it's a percentage of zero income

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1 which would be no financial penalty. So that's the best to my
2 recollection what happened that day in court that you're
3 referring to.

4 Q I can tell you that the transcript reflects none of that.
5 The only thing the transcript reflects is that I asked the
6 question of who told you or your brother not to file and your
7 response never, never mentioned either Christine Biros or John
8 Biros. It only mentioned an accountant whose name you did not
9 identify.

10 A I know that. I didn't testify.

11 Q Do you disagree with that?

12 A My brother -- well, I disagree that I ever said anything
13 like that. I was never asked like that. My brother, you did
14 ask him why he didn't file and he said the accountant said not
15 to. You asked his name. And I think he gave the nickname.
16 They call him Little Trump because he invests in real estate
17 and stuff. He's from White Oak. And I apologize, I just can't
18 recall his name right now but he's right on Main Street there
19 in White Oak on Lincoln Way and they call him Little Trump.
20 I'm sorry, I can't remember the name.

21 Q Isn't it true that your brother has a degree from Duquesne
22 Law School?

23 A He has something from -- I don't think Duquesne but I
24 think he has some type of law degree from Pitt but he's not a
25 lawyer.

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1 Q So if an accountant told him he didn't have to file a tax
2 return, he would at least know he should question that,
3 wouldn't you think?

4 A Well, I can't speak for my brother but I questioned it
5 when the hearing was over. I said something to him and that
6 was the explanation he gave me. He said well, he said we
7 didn't have to if --

8 THE COURT: All right, I'm going to direct counsel to
9 move on from this inquiry because, quite frankly --

10 MR. OTTO: Yes, Your Honor.

11 THE COURT: -- to me, the important point to me --

12 MR. OTTO: I do have --

13 THE COURT: -- is that tax returns are not filed.

14 The reason for them not being filed is irrelevant. I've got,
15 you know, five to seven years worth of tax returns that are
16 unfiled based on the testimony at this point.

17 MR. OTTO: Let me hit my next points very quickly if
18 I may, Your Honor?

19 THE COURT: You may.

20 Q Mr. Snyder?

21 A Yes?

22 Q You said that you had to pay legal fees, is that correct?

23 A Since two thousand I guess fourteen or fifteen, whatever
24 the onset of this was, everything, everything included in this
25 has been burdensome, even just to drive down here, the parking,

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1 getting pictures printed out, legal fees, paying for copies of
2 transcripts, everything. I can't think of all the expenses
3 right now but yeah, I'm just saying this whole legal process
4 has been extremely burdensome on us. That's not the biggest
5 part. It's the part we can't move forward with this property
6 or project. We haven't known from 2015 from one day to the
7 next if we have this property.

8 Q Just a moment, Mr. Snyder.

9 A Pardon me?

10 Q Mr. Snyder, just a moment. I asked specifically about
11 legal fees.

12 A Yes.

13 Q During the year 2019 did you pay Mr. Roth legal fees?

14 A I can't remember exactly what fees were paid in which
15 years and what, you know, from time to time. Mr. Roth has done
16 I think even now this pre -- until we move forward to -- if we
17 move forward to the next step, he's done a lot of things pro
18 bono for us. But there were a lot of expenses involved along -

19 -

20 Q Well, Mr. Roth filed a bankruptcy in 2019 and at that time
21 he reported that for the prior 12-month period he had only made
22 \$13,000.

23 A Yeah.

24 Q Now, in that period of time we had our trial in state
25 court --

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1 A Yes.

2 Q -- and there were appeals filed as well as motions for
3 post-trial relief. So there was an extensive amount of legal
4 work and either you paid Mr. Roth or you didn't pay Mr. Roth.
5 So my question is did you make any payments to Mr. Roth?

6 A I don't know. Like I said, he did a lot of things pro
7 bono for us. That particular year and time I'd have to see
8 what went on there but I don't know that I paid him anything in
9 2019. And as far as his bankruptcy and things, this is the
10 first I heard of that. I'm not aware of any of his personal
11 business.

12 Q The next question is have you made any payments whatsoever
13 to Christine Biros? Has U LOCK ever made a payment to
14 Christine Biros?

15 A We tried and in the beginning they didn't want to because
16 they were partners and then after that, then they said they
17 wanted to take over and they wouldn't accept any payments. We
18 tried to give them, like I said, the full 325,000 plus six
19 percent interest. They wouldn't take it. They would always
20 say they just want their money, they just want their money.
21 Christine did that. She showed up on the property with the
22 Commissioner of the Township yelling that she wants her money.
23 I said we have your money available and then she said never
24 mind, it's too late, we want to develop the property. So yeah,
25 they will not accept any payments. They haven't this whole --

1 for the past seven years.

2 MR. OTTO: Your Honor, I'll defer to Ms. Wenrich for
3 the rest of this but it's my understanding you didn't intend
4 this to be an evidentiary hearing. I will tell you that if put
5 on the stand, Ms. Biros will disclaim substantially on all of
6 Mr. Snyder's testimony. If you decide to have an evidentiary
7 hearing, we can proceed, but I don't know that that's the point
8 of this this morning.

9 THE COURT: No, it's not. Thank you very much.

10 All right, Mr. Roth, any additional questions of the
11 witness at this point?

12 MR. ROTH: Nothing further.

13 THE COURT: All right, thank you.

14 All right, Mr. Snyder, you may be excused.

15 THE WITNESS: Okay, thank you, Your Honor.

16 THE COURT: All right, anything further from the
17 parties at this point?

18 Mr. Roth, you were in the midst of your response and
19 you wanted to have Mr. Snyder testify. Any further argument
20 from you?

21 MR. ROTH: Nothing further, Your Honor, except that
22 we don't believe this truly is an emergency situation. We
23 think the present order addresses the concerns of Ms. Biros and
24 we will work with the Trustee to try to resolve all these
25 issues and hopefully we can resolve this whole case by paying

1 Ms. Biros the money that we are suggesting we can pay now.

2 THE COURT: All right, thank you.

3 All right, any further comments from the moving
4 party? Attorney Wenrich?

5 MS. WENRICH: Yes, Your Honor. Thank you. I think
6 with regard to the emergency relief, our client did intend to
7 remediate the property and start doing some work but it's
8 difficult for her to want to invest funds when she was seeing
9 that the property continued to be damaged and in her opinion,
10 trashed. So while U LOCK remains in possession or on that
11 property, it's difficult for her to want to expend more money
12 than she's already spent. The property has already been
13 determined to be hers, I think. The debtor's argument that
14 it's not is disingenuous and I think this is nothing more than
15 another attempt to have the issue re-litigated.

16 I'm happy to work with the Trustee, figure something
17 out, make sure that any of the parties who rent units on the
18 property are taken care of but at this point the debtor has no
19 interest in the property. It's only burdensome to them. They
20 haven't paid taxes on it. There are outstanding taxes. Those
21 are only going to continue to accrue and as they've noted, they
22 haven't paid any funds to my client for the use of that
23 property during that time. So her claim will continue to rise
24 as well. We think relief from stay or abandonment of the
25 property is necessary and appropriate at this time.

1 THE COURT: All right, thank you.

2 I neglected to ask Ms. Snyder if you had anything
3 else you wanted to raise.

4 MS. SNYDER: Yes, I do have one comment about the
5 possession. It's really their thing but not to re-litigate,
6 going back to state court, the Superior Court did rule that the
7 deeds go to U LOCK. So the deeds were supposed to go to U
8 LOCK. The reason for the ex parte -- I'm just trying to build
9 up to what I'm going to say about the emergency possession.

10 So the reason for the ex parte meeting with the judge
11 in state court was to assure -- he was trying to get them
12 possession of the property because my judgment was there and
13 they're trying to gain preference over me. I feel that's what
14 the real emergency is, to get possession, and then they just
15 plowed over the judgment that did exist because they have no
16 real emergency you hear everybody saying. It's been a whole
17 month. All they did was take pictures and then it was coming
18 close to the Court hearing so they hurried up and said they had
19 to dump the dirt there. It was a such an emergency. It would
20 have remediated. So I think it's just to gain the preference
21 and I myself will be filing an adversary as well.

22 THE COURT: Well, keep in mind. I mean I've given
23 you the opportunity to say something here but I think as I
24 reflected at the last hearing, I don't know that you
25 necessarily have standing in this case. I think it's Mr.

1 Zebley who has standing on your behalf as the Chapter 7 Trustee
2 who holds the claim.

3 MS. SNYDER: Yes.

4 THE COURT: So I'm cautioning you that if you are
5 contemplating an adversary, to think carefully about whether
6 you do that and whether you do have the standing to proceed on
7 your own without Mr. Zebley acting on that claim.

8 MS. SNYDER: Yes. So we just started into our
9 discussions --

10 THE COURT: Okay.

11 MS. SNYDER: -- together. Thank you.

12 THE COURT: All right, anything further from Mr.
13 Zebley?

14 (No audible response)

15 THE COURT: I think you just put yourself on mute. I
16 think you were off mute and now you put yourself on mute.

17 MR. ZEBLEY: Your Honor, I'm waiting for schedules --

18 THE COURT: Okay.

19 MR. ZEBLEY: -- from Ms. Snyder.

20 THE COURT: Very well. I want to make it clear for
21 the record --

22 MR. ZEBLEY: I understand what you're saying.

23 THE COURT: -- at this point though that at this
24 point -- well, I mean you're coming into this late but Ms.
25 Snyder is here.

1 I just want to be clear to you at this point that
2 while I'm giving you an opportunity speak --

3 MS. SNYDER: Okay.

4 THE COURT: -- it's Mr. Zebley that has the standing
5 at this point.

6 MS. SNYDER: Yes.

7 THE COURT: So I'm going to be hearing from him. And
8 if he decides there's nothing there, then that's his
9 prerogative --

10 MS. SNYDER: Okay.

11 THE COURT: -- to do that. But, you know, it's his
12 call to make. That's what I'm saying at this point.

13 MS. SNYDER: Okay.

14 THE COURT: All right, okay, anything further from
15 anyone else before I conclude?

16 MS. WENRICH: Your Honor, may I respond to one point
17 brought up by Ms. Snyder?

18 THE COURT: You may.

19 MS. WENRICH: So with regard to property and her
20 attempted lien on the property, Ms. Snyder actually in May, I
21 think it was May 17th, following her filing of this involuntary
22 petition actually filed an appeal in the state court action
23 against the debtor, against my client, and that Court then
24 submitted an opinion in an order explaining that if Ms. Snyder
25 does have any kind of judgment against the debtor and our

1 client owns the property, any kind of judgment doesn't affect
2 my client's ownership of the property. So I think that that is
3 a non-issue and a red herring, if anything.

4 THE COURT: Well, I mean I guess it depends on a
5 number of factors as far as when the title was conveyed and the
6 fact that whether Judge Smail's order has a retroactive effect
7 and so forth but that's not an issue for me today.

8 Nevertheless, let me cut to the chase here. I mean
9 pending in front of me is a motion to dismiss. The lion's
10 share of the argument is in favor of dismissal are based on the
11 propriety of the involuntary petition that was filed by Ms.
12 Snyder. And while I do agree that there were some issues with
13 respect to that, more to the point, the ones that I raised
14 myself which was that questioning whether Ms. Snyder had the
15 ability to actually commence the involuntary herself given that
16 she was predinating it upon a claim that was really the
17 property of her bankruptcy estate.

18 But nevertheless, the fact that the debtor did not
19 controvert or contest the involuntary petition, I do think it
20 puts a different gloss on this and seemingly allows the case to
21 proceed in this current posture. Although I am a little
22 troubled in the revelation now that I'm seeing that this is not
23 really a business to speak of, certainly not a material
24 business if we're talking about gross revenues of approximately
25 \$1,000 to \$2,000 a month without a real knowledge of what any

1 commensurate expenses are given that the debtor has not filed
2 any tax returns, does not have insurance and is unclear as to
3 what labor costs would be necessary to maintain the premises.

4 I also note that the debtor does seem to be in no
5 rush to revive the business given that debtor did not respond
6 to the involuntary petition and has filed a motion to convert
7 on a regular track. So at this point I'm operating under the
8 assumption that the business is no longer in operation as would
9 be customary for a Chapter 7 and the Chapter 7 Trustee is now
10 taking possession of the assets and will proceed to liquidate
11 them. And certainly related to that, the Trustee would go in
12 and investigate all the assets and the claims and see if there
13 are anything here for the benefit of creditors.

14 So while I do have a motion to convert, and I will
15 take that up at the appropriate time, I just thought it would
16 be helpful for the parties to get some preliminary thoughts
17 from me and I do that just so that you can prepare yourselves
18 appropriately for that hearing. So it doesn't mean that this
19 is my ultimate outcome but this is where I'm at at this point
20 having read the record, having heard from the parties and
21 having seen the schedules that were filed. And that is that I
22 am inclined right now based on what I've heard to keep this in
23 a Chapter 7 to let an independent Trustee investigate the
24 assets and the claims and come to his own conclusions as to
25 what needs to be done here in terms of if there is an adversary

1 that needs to be commenced, the Trustee can do that and if
2 there are assets that need to be liquidated, he can do that as
3 well.

4 As to conversion to an 11, I am right now a little
5 dubious as to what business purpose would exist to convert
6 unless it is simply to use it as a mechanism to effectuate a
7 financing and buyout of Ms. Biros' claims to the property or
8 her ownership of the property. And again, let me be clear on
9 something that I said at the prior hearing. Right now the
10 Court, based on the decisions that were made in the state
11 courts, Ms. Biros is the owner of the property and that was a
12 decision that was made through the Court of Common Pleas,
13 Westmoreland County, taken up on appeal in the Superior Court
14 and the Supreme Court of Pennsylvania took no action on it.

15 So if there is some other claim somehow to divest her
16 of the property title, then that remains to be seen. But right
17 now I'm going on the record that exists at this point. I
18 understand there's an argument as to a preference or
19 preferential transfer but, again, let me be clear on one thing.
20 Right now that claim belongs to Mr. Slone as the Chapter 7
21 Trustee. He's the one who is vested with the authority to do
22 that.

23 So that claim only goes to U LOCK to proceed if I
24 convert this to a Chapter 11 case. And right now I'm not
25 seeing a lot of revenue that would support a reorganization and

1 I would really have to understand two things with respect to
2 the financing source, whether or not this is real and viable.
3 \$2 million of financing based on what I'm seeing here seems to
4 be somewhat fanciful, to tell you the truth.

5 I mean I'm happy to be convinced otherwise, but I'm
6 not necessarily sure what the collateral package would be that
7 would support a financing of that magnitude and certainly too
8 understanding the revenue source that would service such a
9 loan. And that's irrespective of the fact of whether Ms. Biros
10 would actually accept a buyout or some other resolution of this
11 matter. Now, certainly I think it's probably in the best
12 interest of all parties to make a clean break and get a result
13 that allows everybody to walk away with something, but until
14 I'm convinced that that's a reality, I'm just not there at this
15 point.

16 Secondly, even if I were to consider converting this
17 to a Chapter 11, I can tell you right now that based on what
18 I'm seeing, I'm inclined that if I did convert to an 11, of
19 keeping a Trustee in place. I'm starting off with the fact
20 that I've got some, you know, shenanigans in terms of how this
21 case was started with Shanni Snyder's petition. I've got
22 obviously a lot of deep, contentious back and forth between the
23 parties, given the history that's gone on over the years and
24 I've got allegations of wrongdoing by both sides against the
25 other.

1 And so based on that, I think from the Court's
2 perspective and my prior dealings with other cases, I would
3 think that having an independent Trustee in there to focus
4 solely on what's in the best interest of the bankruptcy estate
5 is where I might end up.

6 So, again, not a final decision. I just want to give
7 you a preview of where my head is right now and certainly if
8 you want to provide a record and evidence to convince me
9 otherwise, I will do that. But more importantly, I'm concerned
10 the immediate danger and concern to the estate which is the
11 lack of insurance which would be a basis for me to consider
12 dismissing the case right now, but given that I don't have a
13 Trustee that's really been able to get into the weeds yet to
14 understand what's there, I'm not inclined to do that at this
15 point.

16 So with that said, I'm going to deny the motion to
17 dismiss to the extent it seeks to dismiss the case at this
18 stage. That'll be without prejudice to raising that later on
19 in the case if it's clear that this is not going anywhere where
20 there are no significant assets upon which a creditor recovery
21 can be had.

22 As for the stay relief portion and abandonment, I'm
23 not quite there yet either. I think at this point I've entered
24 an order that provided limited stay relief. And now that the
25 Trustee is in control, to the extent that there needs to be

1 arrangements made to allow remediation to continue to occur on
2 the property -- I shouldn't say continue to occur, I guess what
3 I'm hearing is it hadn't occurred yet -- but to the extent
4 there is a need to do remediation over the next couple of
5 weeks, those items can be run through the Trustee and the
6 Trustee will issue the directives.

7 And if the Trustee issues a directive to allow
8 something to occur on site, then, Mr. Snyder, you will allow it
9 to occur. Otherwise, that's impairing the estate and the
10 administration of the estate. You're aware of that?

11 MR. SNYDER: I understand, yes.

12 THE COURT: All right. So then if there's a
13 determination after Trustee Slone does his investigation that
14 there is nothing here, at least with respect to the real
15 property, then I would entertain a consent order that would
16 grant an expanded stay relief to allow Ms. Biros to do
17 something further with respect to the property if it didn't
18 impair the liquidation of the estate. But Mr. Slone needs to
19 have an opportunity to review that. He needs an opportunity to
20 review the schedules. I think he needs an opportunity to
21 conduct a 341 meeting.

22 And until that occurs, I'm not ready to expand the
23 stay relief request at this point. So from that standpoint,
24 I'm prepared to either deny the request for further stay relief
25 at this point without prejudice or, at the movant's election, I

1 can continue that out for another 45 days and we'll see where
2 we are at that point.

3 Is there a preference from the moving party on which
4 way I go with respect to that? Ms. Wenrich?

5 MS. WENRICH: Thank you, Your Honor. I think we
6 would like to continue it and keep it on there and we can try
7 to work with Mr. Slone once he is familiarized with some of the
8 issues and see what we can figure out for the Court.

9 THE COURT: All right, very well. So at this point
10 I'll continue this hearing out another 45 days. But in the
11 meantime the existing order is in place and it allows
12 remediation activities to occur. I think that original order
13 indicated that so long as it did not impair the business
14 operations of U LOCK, but at this point, as I indicated, with
15 the appointment of the Trustee and not seeing a lot in the way
16 of business operations to speak of anyway, I'm not sure that
17 that is as much of a concern for me now.

18 But, nevertheless, the Trustee is still in the best
19 position to make that call. So to the extent the parties can
20 work within the existing stay order framework, they're
21 encouraged to do so. And to the extent that they cannot, then
22 they can certainly ask for an expanded order but I will want to
23 hear from the Trustee with respect to that.

24 Mr. Slone, based on that, any further direction or
25 information you require from the Court at this point?

1 MR. SLONE: Not at this point, Your Honor. I'll look
2 into it, see who the creditors are, see what's out there and
3 I'll move from there. I'd like to get some insurance out there
4 anyway.

5 THE COURT: Well, I think the insurance needs to be
6 the top priority at this point and certainly too, you know, I
7 see there's a little bit of cash and certainly the Trustee will
8 need to be able to access the revenues that are coming in at
9 this point so that there is some funding to work from at this
10 point.

11 All right, anything else from any of the other
12 parties?

13 MS. WENRICH: No, thank you, Your Honor.

14 THE COURT: If not, then --

15 MR. OTTO: Your Honor?

16 THE COURT: Yes?

17 MR. OTTO: Excuse me. Just one last comment and this
18 is really for the benefit of the Trustee. The Schedule G filed
19 by Mr. Snyder does not identify any of the rental amounts or
20 any of the renters. I think if Your Honor can require Mr.
21 Snyder to provide that and also maybe a statement as to what he
22 has collected in the last period since the bankruptcy was
23 filed, I think that would be very helpful to the Trustee. I'm
24 not sure he would know to ask for it at this hearing but I
25 think that would be beneficial if you could direct Mr. Snyder

1 to file that.

2 THE COURT: All right. Well, I definitely think the
3 Trustee needs to have an understanding of all the revenues that
4 exist and what has been received to date and including with
5 that are copies of the bank statements that exist with respect
6 to the accounts that the debtor has maintained at Citizens
7 Bank. So I mean is there a rent roll that you maintain, Mr.
8 Snyder?

9 MR. SNYDER: I think that came in this morning. I
10 think you have that. And then we also brought the checks today
11 and some cash that, if you can get that with Mr. Roth or Mr. --

12 THE COURT: Well, how are the lease payments being
13 made? Are they being made to a bank account? Are they checks
14 that are being sent in?

15 MR. SNYDER: Yes, I brought some checks with me and
16 some cash because I didn't know --

17 THE COURT: All right, so it sounds like the first
18 order of business is that the Trustee needs to be sending a
19 letter to all of the lessees indicating that all further rent
20 payments should be going to him. But in the meantime, you'll
21 need to turn over all cash and other revenues that have been
22 received to the Trustee.

23 MR. SNYDER: Okay.

24 THE COURT: But there should be something that is
25 produced that shows the terms of the leases and what the

1 monthly and annual revenues are.

2 MR. SNYDER: Okay, we'll get whatever he needs.

3 THE COURT: All right. Okay, well, that covers a lot
4 of ground from today then so based on that, I will enter an
5 order, as I indicated, denying the motion to dismiss without
6 prejudice, deferring the related request for relief on the
7 remaining elements of stay relief and I'll reset the hearing
8 for 45 days. I'll require the debtor to immediately turn over
9 to the Trustee all funds that have been received, all revenues
10 that have been received and provide an updated statement of the
11 leases including all monthly and annual lease payments that are
12 due as well as bank statements for the last six months of U
13 Lock's accounts.

14 And then lastly but not least, I will require the
15 debtor to file that declaration of electronic filing by the end
16 of today. And I think that covers it. So with that, we will
17 enter an appropriate order and I expect the parties to work
18 through the Trustee from here on out until we get together on
19 the motion to convert. In fact, what I will do is I'll -- what
20 is the date of that motion to convert? I thought it was in
21 August.

22 MR. SLONE: August 9th, Your Honor.

23 THE COURT: Okay. Well then I'm going to set the
24 continued stay relief motion as a status conference for August
25 9th. Very well, anything else before we close things out for

1 today?

2 (No audible response)

3 THE COURT: All right, thank you, everyone, for your
4 participation today. That concludes the matters that are
5 presently set before the Court at this time. Court will now
6 stand adjourned and we'll close the record. Thank you. Have a
7 good day.

8 UNIDENTIFIED SPEAKER: Thank you, Your Honor.

9 ALL ATTORNEYS: Thank you, Your Honor.

10 * * * * *

11 **C E R T I F I C A T I O N**

12 I, MARY POLITO, court approved transcriber, certify
13 that the foregoing is a correct transcript from the official
14 electronic sound recording of the proceedings in the
15 above-entitled matter, and to the best of my ability.

16

17

18 /s/ Mary Polito

19 MARY POLITO

20 J&J COURT TRANSCRIBERS, INC.

DATE: July 18, 2022

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